EIA Short-Term Energy and Winter Fuels Outlook

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U.S. average fuel expenditures are expected to be higher for all fuels this winter (October – March).

	Average Household Expenditures Percent Change from Last Winter			
Fuel	Base Case	If 10% Warmer Than Forecast	If 10% Colder Than Forecast	
Natural Gas	9.5	-1.7	20.3	
Heating Oil	21.8	9.8	31.6	
Propane	16.3	4.3	27.7	
Electricity	3.9	-1.3	7.2	
Average Expenditures	9.8	0.1	18.4	

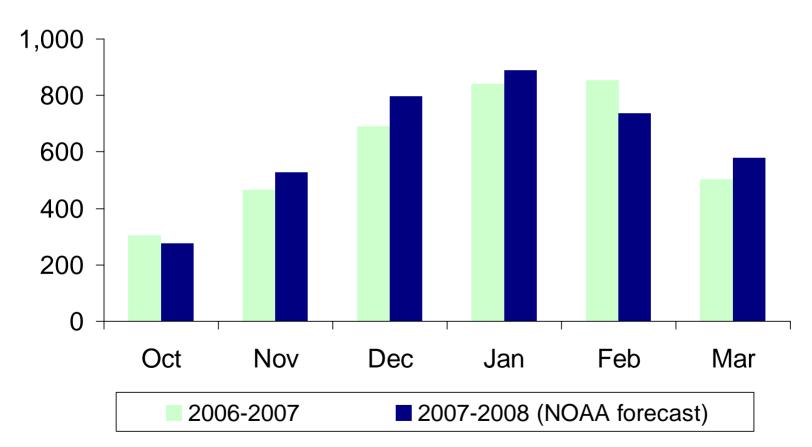
Winter = October 1 through March 31.

Expenditures are based on typical per household consumption adjusted for weather. Warmer and colder cases represent 10-percent decrease or 10-percent increase in heating degree-days, respectively.



Winter 2007-08 is expected to be 4 % colder than 2006-07, but still 2 % warmer than 30-year average.

U.S. Heating Degree-Days Population-Weighted





Natural gas prices are expected to be higher than last winter.

Henry Hub Winter Average Spot Price

10% Colder = \$8.71/ mcf

Base Case = \$7.79/ mcf

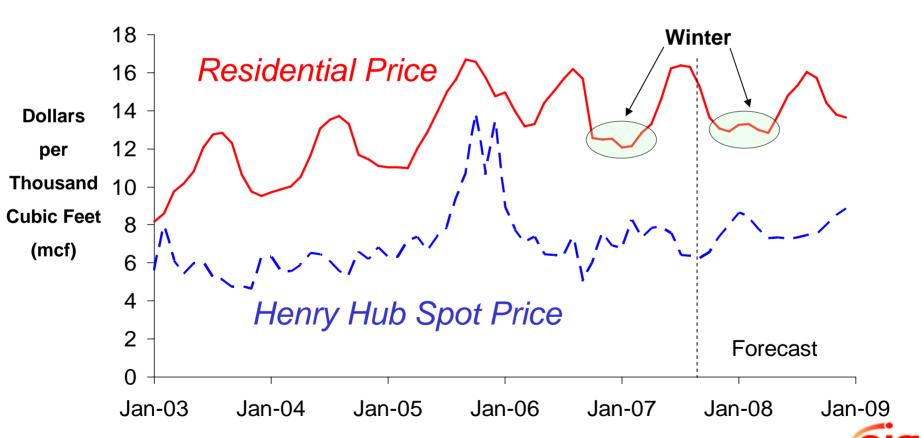
10% Warmer = \$7.05/ mcf

Residential Winter Average Price

10% Colder = \$13.53/ mcf

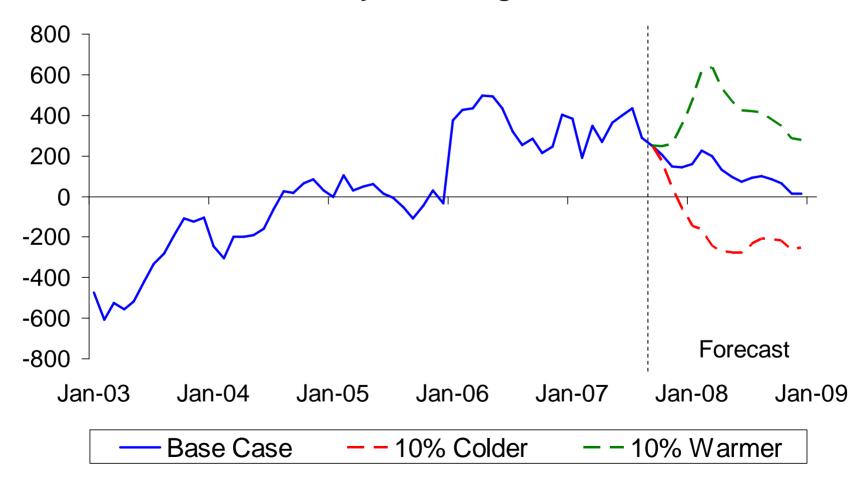
Base Case = \$13.14/ mcf

10% Warmer = \$12.87/ mcf



U.S. natural gas in storage is projected to remain above historical averages.

Deviation from 5-year Average, Billion Cubic Feet



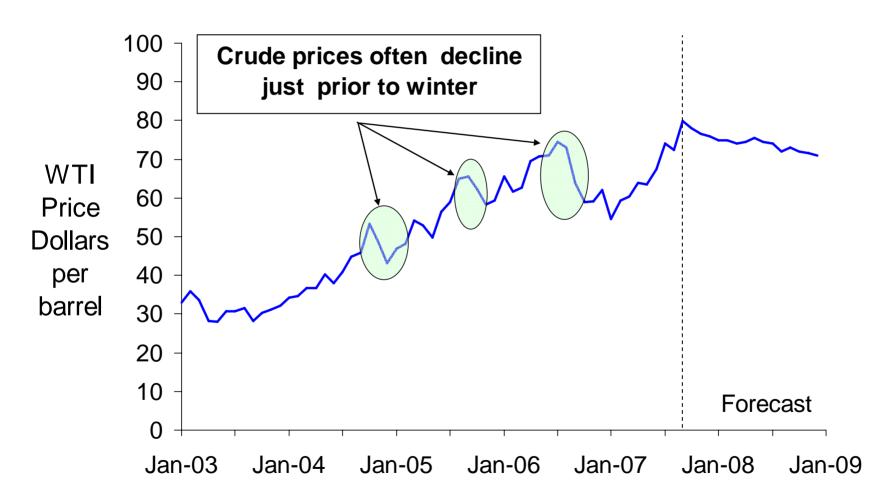


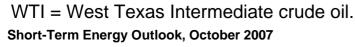
Natural gas heating bills are projected to be higher for all regions this winter.

Percent Change from Last Winter (Projected) Households using natural Total Average **Expenditures** gas as primary heating fuel Consumption Price West West + 2 + 2 + 5 66% South South + 1 + 9 + 1141% Midwest +3+8 + 11Midwest 79% Northeast + 6 + 4 + 10 Northeast 55% U.S. Average + 3 + 6 + 10 U.S. 58%



Crude oil prices, having recently exceeded \$80 per barrel, are projected to decline slowly over the forecast.





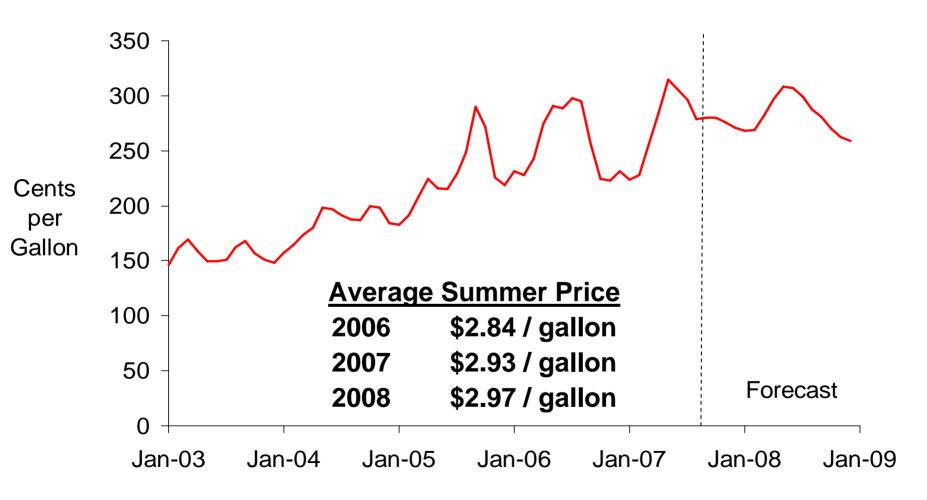


Multiple and hard-to-predict uncertainties drive the oil market forecast

OPEC Non-OPEC **Production Supply Growth Decisions** Weather Iraq Iran **Economic Growth** Refinery Venezuela **Outages** Value of **Nigeria U.S.** Dollar

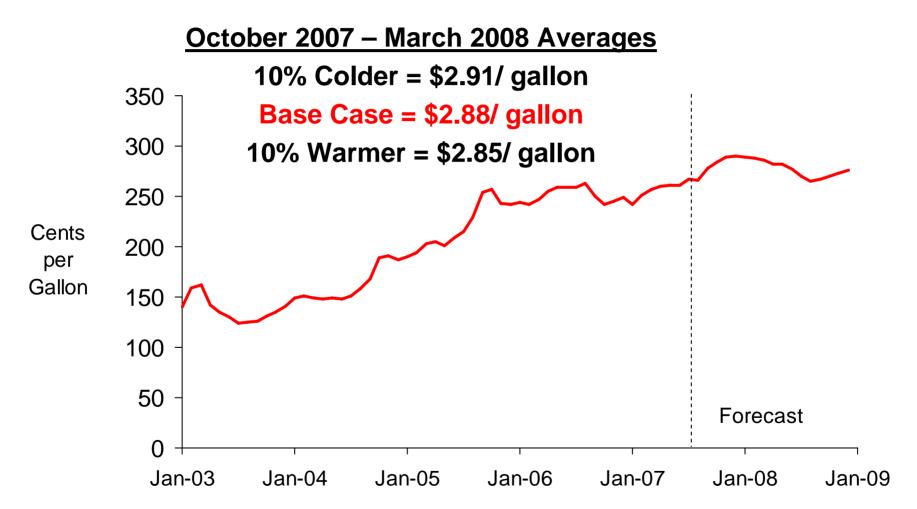


Retail gasoline prices are projected to be higher in 2008.





Retail heating oil prices are projected to average about 40 cents per gallon higher than last winter.





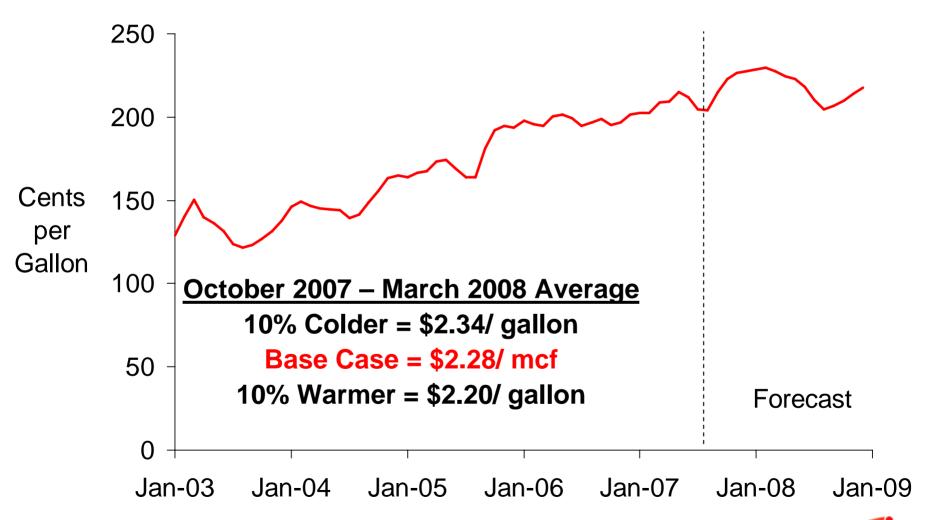
U.S. winter heating oil expenditures projected to increase for all regions.

Percent Change from Last Winter (Projected)

	ds using heating nary heating fuel		Consumption	Average Price	Total Expenditures
West	1%	West	+ 4	+ 13	+ 18
South	2%	South	+ 6	+ 19	+ 26
Midwest	3%	Midwest	+ 4	+ 18	+ 23
Northeast	32%	%Northeast	+ 5	+ 16	+ 22
U.S.	7%	U.S. Average	+ 5	+ 16	+ 22

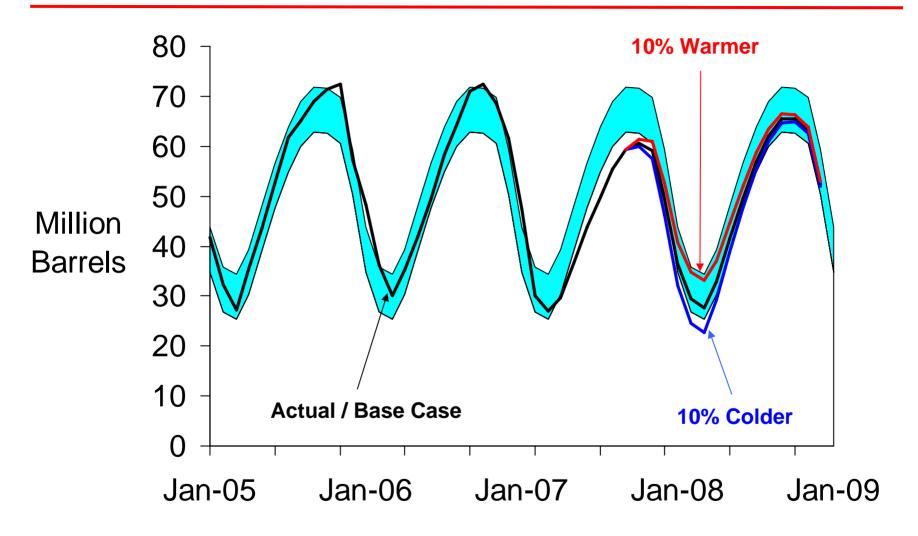


Residential propane prices are expected to average about 23 cents per gallon higher than last winter.





Propane inventories are low.



Colored bands represent "normal" range published in EIA, Weekly Petroleum Status Report, Appendix A.

Propane expenditures are projected to increase in all regions.

Percent Change from Last Winter (Projected)

Households using propane as primary heating fuel					
			Consumption	Average Price	Total Expenditures
West	4%	West	+ 2	+ 8	+ 10
South	5%	South	+ 2	+ 13	+ 16
Midwest	7%	Midwest	+ 4	+ 15	+ 19
Northeast	2%	Northeast	+ 5	+ 15	+ 21
U.S.	5%	U.S. Average	+ 3	+ 13	+ 16



Winter electricity expenditure increases are expected to be smaller than other fuels.

Percent Change from Last Winter (Projected)

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Households using electricity as primary heating fuel		Consumption	Average Price	Total Expenditures
30%	West	+ 2	+ 4	+ 5
52%	South	+ 1	+ 2	+ 3
11%	Midwest	+ 2	+ 2	+ 4
11%	Northeast	+ 4	+ 3	+ 7
30%	U.S. Average	+ 2	+ 2	+ 4
ĺ	ity as primary ating fuel 30% 52% 11%	ity as primary ating fuel 30% West 52% South Midwest 11% Northeast	ity as primary ating fuel Consumption 30% West + 2 + 1 11% Midwest + 2 Northeast + 4	Average Average Price 30% West +2 +4 52% South +1 +2 11% Midwest +2 +2 11% Northeast +4 +3



Wrap up:

- On average, U.S. households will pay about \$88 (10%) more for heating this winter.
- Higher expenditures are driven by higher unit prices and weather-related increases in consumption.
- Under the baseline forecast, natural gas expenditures could be about \$78 (10%) higher for the average U.S. household this winter.
- Heating oil expenditures are projected to be about \$319 (22%) higher for the average U.S. household this winter. Electricity expenditures are forecasted to be \$32 (4%) higher the average U.S. household this winter.
- A colder winter would raise estimated expenditures somewhat from those of the base case weather scenario.

